

AMENDED IN SENATE MAY 17, 2011
AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 899

Introduced by Senator La Malfa

February 18, 2011

An act to amend ~~Section 4051 of~~ *Sections 19620 and 19620.1 of the Business and Professions Code, and to amend Section 4051 of, and to add Section 3205 to, the Food and Agricultural Code, relating to district agricultural associations.*

LEGISLATIVE COUNSEL'S DIGEST

SB 899, as amended, La Malfa. District agricultural associations.

Existing law divides the state into agricultural districts and authorizes residents of a district to form a district agricultural association for the purpose of holding fairs, expositions, and exhibitions to exhibit the industries, resources, and products of the state and for the purpose of constructing, maintaining, and operating recreational and cultural facilities of general public interest. ~~Existing~~

Existing law requires the Department of Food and Agriculture to exercise oversight of activities carried out by California fairs, including conducting fiscal and performance audits of county fairs and citrus fruit fairs that are requested by the fair that is the subject of the audit and that the department deems necessary.

This bill would delete that duty to conduct fiscal and performance audits of county fairs and citrus fruit fairs. The bill would instead require that the books and accounts of all district agricultural association fairs, county fairs, and citrus fairs be audited by an independent registered certified public accountant. The bill would

require those fairs to submit an annual audit to the department for review and would require the department to review those annual audits.

By requiring local entities to obtain these audits, the bill would impose new duties on local entities, thereby imposing a state-mandated local program.

Existing law authorizes a district agricultural association to exercise specified powers with the approval of both the Department of Food and Agriculture and the Department of General Services.

This bill would delete the requirement that a district agricultural association obtain the approval of the Department of General Services to exercise the powers granted to it. The bill would also make technical changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 19620 of the Business and Professions*
- 2 *Code is amended to read:*
- 3 19620. (a) The Legislature finds and declares that the
- 4 Department of Food and Agriculture is responsible for ensuring
- 5 the integrity of the Fair and Exposition Fund, administering
- 6 allocations from the fund to the network of California fairs, as
- 7 defined in Sections 19418 to 19418.3, inclusive, and providing
- 8 oversight of activities carried out by each California fair.
- 9 (b) Oversight shall include, but not be limited to, the following:
- 10 (1) Monitoring the solvency of the Fair and Exposition Fund.
- 11 (2) Distributing available state resources to the network of
- 12 California fairs based on criteria for state allocations approved by
- 13 the Secretary of Food and Agriculture. The criteria for the
- 14 distribution of available state resources to the network of California

1 fairs shall not include a consideration of the structure that governs
2 the fair.

3 (3) Creating a framework for administration of the network of
4 California fairs allowing for maximum autonomy and local
5 decisionmaking authority, and conducting, or causing to be
6 conducted, annual fiscal audits and periodic compliance audits.

7 ~~(4) Conducting fiscal and performance audits of county fairs~~
8 ~~and citrus fruit fairs that are requested by the fair that is the subject~~
9 ~~of the audit, and that the Department of Food and Agriculture~~
10 ~~deems to be necessary.~~

11 ~~(5)~~
12 (4) Guiding and providing incentives to fairs to seek matching
13 funds and generate new revenue from a variety of sources.

14 ~~(6)~~
15 (5) Supporting continuous improvement of fair programming
16 to ensure that California fairs remain highly relevant community
17 institutions.

18 *SEC. 2. Section 19620.1 of the Business and Professions Code*
19 *is amended to read:*

20 19620.1. From the total revenue received by the department,
21 exclusive of money received pursuant to Sections 19640 and 19641,
22 the Legislature shall annually appropriate to the department those
23 sums as it deems necessary for the following purposes:

24 (a) For the oversight of the network of California fairs receiving
25 money from the fund.

26 ~~(b) For the auditing of reviewing annual audits submitted by all~~
27 ~~district agricultural association fairs, county fairs, and citrus fruit~~
28 ~~fairs.~~

29 *SEC. 3. Section 3205 is added to the Food and Agricultural*
30 *Code, to read:*

31 3205. *Notwithstanding any other law, all district agricultural*
32 *association fairs, county fairs, and citrus fairs shall be required*
33 *to submit an annual audit to the department for review, in*
34 *accordance with the following:*

35 (a) *The books and accounts of all district agricultural*
36 *association fairs, county fairs, and citrus fairs for the calendar*
37 *year or fiscal year, as the case may be, shall be examined and*
38 *audited annually by an independent registered certified public*
39 *accountant (CPA). A summary of this examination, certified by*

1 *that CPA, shall be appended to the fair's annual statement of*
2 *operations, along with the CPA's recommendations.*

3 *(b) Costs associated with fair audits conducted for purposes of*
4 *this section shall be the responsibility of the fair.*

5 *(c) With the approval of the department, two or more fairs may*
6 *contract for a single audit by the same certified public accountant*
7 *in order to be more cost effective.*

8 *(d) With the approval of the department, district agricultural*
9 *associations and the California Exposition and State Fair are*
10 *relieved of any requirements to abide by the provisions of the State*
11 *Contracting Manual which may apply to competitively bidding an*
12 *audit service contract as developed by the Department of General*
13 *Services.*

14 **SECTION 4.**

15 *SEC. 4.* Section 4051 of the Food and Agricultural Code is
16 amended to read:

17 4051. An association, with the approval of the Department of
18 Food and Agriculture, may do any of the following:

19 (a) Contract.

20 (b) Purchase, acquire, hold, sell, exchange, or convey any
21 interest in real or personal property and beautify or improve that
22 property. Any acquisition of land or other real property shall be
23 subject to the Property Acquisition Law (Part 11 (commencing
24 with Section 15850) of Division 3 of Title 2 of the Government
25 Code).

26 (c) Lease, let, or grant licenses for the use of its real estate or
27 personal property, or any portion of that property, to any person
28 or public body for whatever purpose may be approved by the board.

29 (d) Use or manage its real estate or personal property, or any
30 portion of that property, for any or all of the purposes of this section
31 jointly with any lessee, sublessee, or licensee, or otherwise use or
32 manage the property in connection with the lease, sublease, or
33 license which is made or granted.

34 (e) Lease or let its real property for use as a public park, or for
35 recreational or playground purposes.

36 (f) Rent or permit the use of its premises for any purpose which
37 is beneficial to the agricultural industry, including, but not limited
38 to, the holding of sales or auctions of cattle or other livestock.

1 (g) Contract with any county or county fair association for
2 holding a fair jointly with the county or county fair association.
3 The joint fair is a district fair of the association.

4 (h) Make permanent improvements upon publicly owned real
5 property adjacent to real property of the district when the
6 improvements materially benefit the property of the district.

7 (i) Pledge any and all revenues, moneys, accounts, accounts
8 receivable, contract rights, and other rights to payment of whatever
9 kind, pursuant to such terms and conditions as are approved by
10 the board. The revenues, moneys, accounts, accounts receivable,
11 contract rights, and other rights to payment of whatever kind
12 pledged by the association or its assignees constitute a lien and
13 security interest which immediately attaches to the property so
14 pledged and is effective, binding, and enforceable against the
15 association, its successors, purchasers of the property so pledged,
16 creditors, and all others asserting rights therein, to the extent set
17 forth, and in accordance with, the terms and conditions of the
18 pledge, irrespective of whether those persons have notice of the
19 pledge and without the need for any physical delivery, recordation,
20 filing, or further act.

21 *SEC. 5. If the Commission on State Mandates determines that*
22 *this act contains costs mandated by the state, reimbursement to*
23 *local agencies and school districts for those costs shall be made*
24 *pursuant to Part 7 (commencing with Section 17500) of Division*
25 *4 of Title 2 of the Government Code.*